TO: USM Presidents
FROM: William E. Kirwan
Chancellor
DATE: February 10, 2015
SUBJECT: Capital Budget Preparation

We are at the time of year when we must begin preparation of the FY 2017 Capital Improvement Program (CIP) and FY 2016 System Funded Construction Program (SFCP).

This is a unique period for all institutions of the System. On one hand, we have had considerable success with the Capital Budget, despite the fact that these budgets have been prepared during a period of unprecedented fiscal challenges. Our success has been built in part on our ability to demonstrate to the state that our capital requests are tied to critical state goals, such as college access and completion, research, technology transfer and workforce development.

On the other hand, the combination of a larger CIP and enhancements added by the General Assembly during the 2014 session has proven a difficult challenge for the State to fully support in this time of limited resources. Even as the FY2016-20 Five Year CIP—at nearly 1.5B—is the largest five-year capital budget we have ever received, there are a number of project-specific setbacks impacting major FY2016 requests at 6 different institutions. Furthermore, the planning requests that establish future construction appropriations beyond the 5 year CIP were not supported in the State CIP.

Thus our challenges are two-fold. First, during the next capital budget cycle, we will discuss ways of building those deferred projects back into the CIP for State funding consideration. Second, during this and future budget cycles, we will need to consider ways to grow this now three-year trend in enhanced funding and build a strong reputation with the new administration. Critical to this process will be our ability to demonstrate the positive impact of State investment on the academic, research and economic development roles of each institution. We must also demonstrate stewardship of resources through effective project management, maintenance and programmatic success.

On the System-Funded side, we will face our own internal constraints on debt as we seek to meet increasing demand for critical self-support projects like student residential facilities. As always, these and other important issues will be discussed at future Presidents’ and Chancellor’s Council meetings, with your Administrative VPs and with the Board at our Board Capital Workshop in May. I look forward to working with you throughout this process.
Attached please find a copy of information and instructions regarding the particulars for this budget cycle. These documents, along with the requisite forms, have been provided to your Administrative Vice Presidents and Capital Budget Directors. They will also be made available online. Further instructions from the State Dept of Budget & Management (DBM) are pending and will inform and, perhaps, supersede some of these instructions.

Please note that this year’s Capital Workshop with the Board of Regents will be earlier than usual—May 11, 2015. Thus adherence to key dates and deadlines is important. **For full consideration, your submissions are due to the Office of Capital Planning by March 20, 2015.**

As the State (DBM) has directed, all capital budgets must be prepared online with the Capital Budget Information System (CBIS). This year’s training cycle for the CBIS system will begin soon, so please encourage your staff to participate.

I want to thank you in advance for your attention to this critical budget preparation. Please call Joe Vivona 301-445-1923, Mark Beck at 301-445-1984, or me with any questions you may have.

Thank you.

cc:  
James L. Shea  
The Honorable Francis X. Kelly, Jr.  
Joseph F. Vivona  
USM Vice Chancellors  
Administrative VPs  
Janice Doyle  
Mark Beck

Enclosures